

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **October 12, 2004**

AGENDA ITEM NO.: 3

CONSENT:

REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

**ITEM TITLE: Amend the Budget and Appropriate Funds for Six Additional Skyboxes
at Lynchburg City Stadium and Approve a Loan from the General Fund to the
Stadium Fund**

RECOMMENDATION: Conduct a public hearing to amend the budget and appropriate funds for six (6) additional skyboxes at Lynchburg City Stadium and approve a loan from the General Fund to the Stadium Fund.

SUMMARY: In August 2003, City Council was asked to approve a financing scenario and appropriate funds to move forward with the design and construction of four (4) additional skyboxes at City Stadium due to a strong market demand for this amenity. Council authorized funding for architectural costs to determine a more precise total project estimate. The architect determined that enough room existed to add six (6) skyboxes instead of four (4). This change increases the revenue potential with minimal increase in projected construction costs. The increase in cost over the original estimate amounts to \$10,369 primarily for construction and additional furniture, fixtures and equipment. The total project estimate to build the six (6) additional skyboxes is:

	Revised (6 skyboxes)	Original (4 skyboxes)
City Engineering Service Charges	\$ 9,000	\$ 9,000
Architectural Services	\$ 33,670	\$ 38,525
Contract Administration	\$ 25,000	\$ 25,000
Inspections	\$ 5,000	\$ 5,000
Construction	\$ 533,724	\$ 525,000
Furniture, fixtures and equipment	\$ 16,500	\$ 10,000
Contingency	\$ 60,000	\$ 60,000
Total Project Estimate	\$ 682,894	\$ 672,525
Prior Appropriation for architectural services	(38,525)	
Additional Appropriation	\$ 644,369	

It should be noted that completion of this project by Opening Day 2005 is tentative at best.

A formal agreement will be executed between the City and Lynchburg Baseball Corp. that documents a payment plan that supports this project as noted below.

PRIOR ACTION(S): August 10, 2004 – City Council Work Session Update on additional skyboxes
September 14, 2004 – City Council Approves \$ 38,525 for architectural work
September 28, 2004 – City Council Approves funding for Six (6) Additional Skyboxes

	Pre-lease 5 skyboxes	Pre-lease 4 skyboxes
FISCAL IMPACT:		
Total Project Estimate	\$ 682,894	\$ 682,894
Revenue from 5-year rental of new Skyboxes @ \$44,000/each over a 5-year period	\$ (220,000)	\$(176,000)
Annual revenue from 1 @\$11,000/year	n/a	\$(11,000)
Annual revenue from nightly rental	\$ (20,000)	\$(20,000)
Use of Stadium Fund Balance	\$ (300,000)	\$(300,000)
Balance to be Financed in Stadium Fund (with loan from General Fund for 10 years at 3% interest)	\$ 142,894	\$175,894

CONTACT(S): Lee Newland, Director of Engineering – 455-3947
Bonnie Svrcek, Deputy City Manager – 455-3990

ATTACHMENT(S):

Memo to Council dated July 27, 2004

Agenda Item Summary: September 28, 2004 (Revised)

Project Detail Sheet

Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED THAT THE Stadium Fund budget is amended and \$644,369 is appropriated to the Stadium Fund and a loan from the General Fund up to \$175,894 is authorized for the purpose of building six (6) additional skyboxes.

Introduced:

Adopted:

Certified:

Clerk of Council

145L



City
Manager's
Office

TO: City Council

FROM: Bonnie Svrcek, Deputy City Manager *Bonnie*

SUBJECT: Additional Skyboxes at City Stadium

DATE: July 27, 2004

Based on the success of the skybox rentals at Lynchburg City Stadium, the Lynchburg Baseball Corp. (LBC) has requested that the City consider construction of four additional skyboxes, two on each side of the existing boxes, for a total of twelve skyboxes.

Initial plans were to build five skyboxes during the renovation. Due to the success of renting these skyboxes and because funds were available within the capital project, construction of three additional skyboxes was authorized with the capacity to build four more skyboxes. The General Manager of LBC has tested the market to determine the salability of the additional skyboxes and has determined that there is a strong market demand. In fact, four companies have pledged to pay \$44,000 in cash (\$176,000), in advance, for a five year skybox rental.

The total project estimate to build the four additional skyboxes is:

Four Additional Skyboxes at Lynchburg City Stadium

City Engineering Service Charges	\$ 9,000
Architectural Services	\$ 38,525
Contract Administration	\$ 25,000
Inspections	\$ 5,000
Construction	\$ 525,000
Furniture, Fixtures and Equipment	\$ 10,000
Contingency	\$ 60,000
Total Project Estimate	\$ 672,525

Construction of these skyboxes involves additional architectural work due to the change in the roofline, and heating, air conditioning, ventilation, and plumbing engineering and design. Costs for steel and concrete have escalated in the past several months causing significant increases in construction.

The FY 2005 projected fund balance in the Stadium Fund is approximately \$518,000. Following is a financing scenario for City Council's consideration:

Total Project Estimate	\$ 672,525
Revenue from 5-year rental of 4 new skyboxes @\$44,000/each	\$ (178,000)
Use of Fund Balance	\$ (300,000)
Balance to be Financed in Stadium Fund (with temporary loan from General Fund)	\$ 196,525

Staff recommends that the General Fund make a temporary loan to the Stadium Fund to finance the \$196,525 needed to build the four additional skyboxes. Revenue generated in the Stadium Fund would then pay the General Fund back over a ten-year period at an annual interest rate of 3.0%.

Both staff and LBC representatives project that the Stadium Fund has the capacity to absorb annual debt payments of \$23,039 over a ten-year period.

City Council should be aware, if you decide to move forward with this project, that the time frame for completion prior to Opening Day 2005 is very tentative at best. On the other hand, by delaying or deferring construction to a future date there is a risk in losing those four companies that have pre-pledged the \$44,000 for a five-year rental term, along with continued escalation in construction costs. Or, Council could just simply decide to not add the four skyboxes at all.

If City Council is interested in moving forward at this time, staff asks that you authorize the advance allocation of \$38,525 for architectural services so that the project can begin. Finally, if Council approves this project, a public hearing will need to be held because the budget would be amended by more than \$500,000.

Staff and Paul Sunwall, General Manager, LBC will be available to answer any questions you may have at the work session.

Thank you.

c: L. Kimball Payne, City Manager
Michael Hill, Director of Financial Services
Robin Mamola, Accountant, Financial Services
Paul Sunwall, General Manager, Lynchburg Baseball Corporation

LYNCHBURG CITY COUNCIL

Agenda Item Summary

REVISED

MEETING DATE: September 28, 2004, Work Session

AGENDA ITEM NO.:

CONSENT:

REGULAR: X

CLOSED SESSION:

(Confidential)

ACTION: X

INFORMATION:

ITEM TITLE: Lynchburg City Stadium-Additional Skyboxes

RECOMMENDATION: Consider information presented by staff that outlines the cost to add six (6) additional skyboxes to the City Stadium and if approved, amend the Stadium Fund budget and approve a temporary loan from the General Fund.

SUMMARY: In August 2003, City Council was asked to consider approve a financing scenario and appropriate funds to move forward with the design and construction of four (4) additional skyboxes at City Stadium due to a strong market demand for this amenity. Council authorized funding for architectural costs to determine a more precise total project estimate. The architect determined that enough room existed to add six (6) skyboxes instead of four (4). This change increases the revenue potential with minimal increase in projected construction costs. The increase in cost over the original estimate amounts to \$ 8,724 for construction and \$6,500 for additional furniture, fixtures and equipment. The total project estimate to build the six additional skyboxes is:

	Revised (6 skyboxes)	Original (4 skyboxes)
City Engineering Service Charges	\$ 9,000	\$ 9,000
Architectural Services	\$ 33,670	\$ 38,525
Contract Administration	\$ 25,000	\$ 25,000
Inspections	\$ 5,000	\$ 5,000
Construction	\$ 533,724	\$ 525,000
Furniture, fixtures and equipment	\$ 16,500	\$ 10,000
Contingency	\$ 60,000	\$ 60,000
Total Project Estimate	\$ 682,894	\$ 672,525
Prior Appropriation for architectural services	(38,525)	
Additional Appropriation	\$ 644,369	

This project, if approved, will be under an extremely tight time frame to get these additional skyboxes ready by the beginning of the 2005 baseball season.

PRIOR ACTION(S): August 10, 2004 – City Council Work Session Update on additional skyboxes
September 14, 2004 – City Council Approves \$ 38,525 for architectural work

Best Case Worst Case
pre-lease 5 pre-lease 4

FISCAL IMPACT:	Total Project Estimate	\$ 682,894	\$ 682,894
	Revenue from 5-year rental of new Skyboxes @ \$44,000/each over a 5-year period	\$ (220,000)	\$(176,000)
	Annual revenue from 1 @ \$11,000/year	n/a	\$(11,000)
	Annual revenue from nightly rental	\$ (20,000)	\$(20,000)
	Use of Stadium Fund Balance	\$ (300,000)	\$(300,000)
	Balance to be Financed in Stadium Fund (with temporary loan from General Fund)	\$ 142,894	\$ 175,894

CONTACT(S): Lee Newland, Director of Engineering – 455-3947

ATTACHMENT(S): Memo to Council dated July 27, 2004
Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED THAT THE Stadium Fund budget is amended and \$644,369 is appropriated to the Stadium Fund and a temporary loan ~~no greater than \$175,894~~ from the General Fund is authorized for the purpose of building six (6) additional skyboxes.

Introduced:

Adopted:

Certified:

2005-2009 CIP PROJECT DETAIL SHEET

Project (Existing City Cap Only): P0001
 Project Type: Parks & Recreation
☒ New Construction/Expansion ☐ Maintenance/Capital Outlay
 Project Title: Additions to Lynchburg City Stadium
 This project also has (a) component(s) in: ☒ City Capital Fund ☒ Other Stadium Fund
 Project Manager(s): Dwayne Lewis, Senior Civil Engineer
 Use of the Project: 02

Description: Construct six (6) additional Sky Boxes at Lynchburg City Stadium. Contract Administration costs include \$5,000 for Inspections and Construction costs includes \$16,500 for Furniture, Fixtures, and Equipment.

Location: City Stadium
 Status of Project Site: City Owned
 Operating Budget Impact (Overall operating expenses and projected staffing requirements):
 Increase in revenues for Stadium Fund.

Relationship to Comprehensive Plan:
 Goal 1, objective 1.B. Chapter 13, Pg 13.4. Upgrade existing facilities in parks to meet current codes and to improve their appearance and function.
 Department Priority: (mark all that apply):
☒ Project contributes to generation of new revenue

Sub-Project	FY 2005				FY 2006				FY 2007				FY 2008				FY 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
00 City Engineering Service Charges	X	X	X																	
20 Architectural Services (Contractual)	X	X																		
50 Contract Administration (Contractual)		X	X																	
70 Construction		X	X																	
80 Contingency			X																	

Total Prior Appropriations through 7/31/2004	Requested	Beyond FY 2009	Total Project Cost
\$6,646,635	\$682,894		\$7,329,529

Five Year Proposed Project Appropriation by Sub-Department						
Sub-Projects	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Program
City Engineering Service Charges	9,000					\$9,000
Architectural Services (Contractual)	33,670					\$33,670
Contract Administration (Contractual)	30,000					\$30,000
Construction	550,224					\$550,224
Contingency	60,000					\$60,000
TOTAL	\$682,894	\$0	\$0	\$0	\$0	\$682,894
TOTAL	\$682,894	\$0	\$0	\$0	\$0	\$682,894

Five Year Proposed Project Appropriation by Fund						
Fund	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Program
01 General Fund	142,894					\$142,894
Other	540,000					\$540,000
TOTAL	\$682,894	\$0	\$0	\$0	\$0	\$682,894

Five Year Proposed Project Expenditure by Source of Funding						
Source of Funding	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total Funding
Other	682,894					\$682,894
TOTAL	\$682,894	\$0	\$0	\$0	\$0	\$682,894

Sources of Project Funding FY 2005 - 2009 (in percent)
 Local: 100%
 City of Lynchburg, Virginia Capital Improvement Program, FY 2005 - 2009